

State of Working Georgia: Jobs Count

Georgia Taking Small Steps Forward, With Miles to Go
by Wesley Tharpe, Policy Analyst

After years of job loss, Georgia's economy is beginning to take some positive, albeit uneven, steps forward. However, since Georgia was one of the states hardest hit by the Great Recession, its recovery is still sluggish. Georgia continues to trail the nation in job creation, its unemployment rate remains higher than the national average, and its performance is a far cry from the high-growth days of the 1990s. It will likely be several years until the state's job market returns to pre-recession levels.

Trends in Job Creation

Positive Signs Overwhelmed by Scope of Jobs Shortfall

After four years of seemingly endless bad news, Georgia's economy has begun to show some positive signs. The state's unemployment rate has fallen from a peak of 10.5 percent in late 2009 to 9 percent now, including eight straight months of decline since July 2011. Employers have created nearly 49,000 new jobs here since the start of 2011, for a job growth rate of 1.3 percent. The state's labor force has also steadily increased since last summer, which means that in addition to those successfully finding work, there are now more people seeking it as well. The opposite was the case during the height of the Great Recession, when thousands of Georgians left the labor force due to a lack of openings.

Despite these heartening signs, Georgia continues to trail behind on job creation. Its unemployment rate remains nearly a percentage point higher than the national average (8.2 percent), and its rate of job growth during the official¹ recovery (0.9 percent) is approximately half of the nation's rate of job growth (1.78 percent). Moreover, while the state's performance in 2011 was better than data originally indicated,² it still struggled to keep pace with other states—nonfarm employment grew by 0.95 percent in Georgia during the previous year, compared to 1.41 percent nationally. The state's economy remains a far cry from the 1990s, when it ranked among the national leaders in job growth (7th highest between 1991 and 2001, versus 35th between 2001 and 2011).

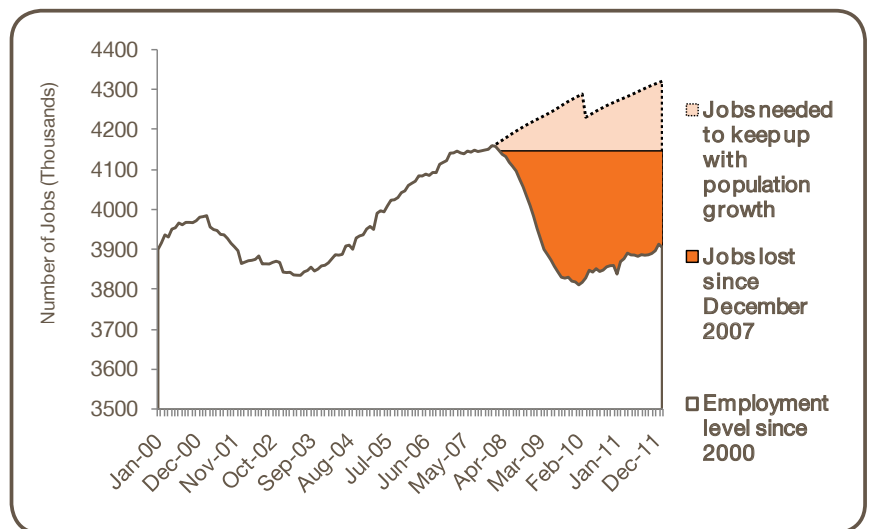
Table 1 Jobs Slowly Rising, Georgia Languishing Below Average

	Change in # of Jobs	% Change in Job Growth	National Ranking in Job Creation (1 is Best)
Pre-recession <i>(January 2001 to December 2007)</i>	169,000	4.3	25
Great Recession <i>(December 2007 to February 2010)</i>	-339,000	-8.2%	43
RECOVERY in Georgia			
2010 – 2012 <i>(February 2010 to March 2012)</i>	97,000	2.5%	25
Last twelve months <i>(March 2011 to March 2012)</i>	35,200	0.7%	30
Last six months <i>(September 2011 to March 2012)</i>	23,000	0.6%	34
Last three months <i>(December 2011 to March 2012)</i>	11,800	0.3%	32

Source: Economic Policy Institute analysis of Current Employment Statistics (CES)

Even more discouraging is that since Georgia was among the states hardest hit by the Great Recession, it is unlikely to fully recover anytime soon. After losing 339,000 jobs in the 26 months after the recession began, it has gained back only 97,000 in the 25 months since. Additionally, to return to pre-recession levels of employment, the state must not only replace the jobs that were lost but also create new ones to account for continued population growth. Georgia's combination of jobs previously lost and those that must be created – referred to as the “jobs deficit” – stands at 414,800 jobs as of March 2012, according to the nonpartisan Economic Policy Institute.

Figure 1 Jobs Deficit in Georgia (as of March 2012)



Source: Economic Policy Institute analysis of Current Employment Statistics, 2000-2012

To fill the gap, Georgia would need to create approximately 15,000 jobs per month for the next three years, a daunting number compared to the 2,650 per month it averaged over the past 12 months.

■ A Closer Look

Strength of Georgia's Recovery Varies by Industry

While Georgia struggles to recover from the Great Recession, the speed and strength of the recovery has varied across different industries. The quickest industry to begin bouncing back – professional business services (e.g. law, accounting, IT) – stopped losing jobs in September 2009 and has almost returned to its pre-downturn level (Table 2). These jobs require relatively high levels of education though, and unfortunately many Georgians simply do not have access to them. Roughly 16 percent of Georgians lack a high school diploma, and in 2011, unemployment among this group was 18.5 percent.

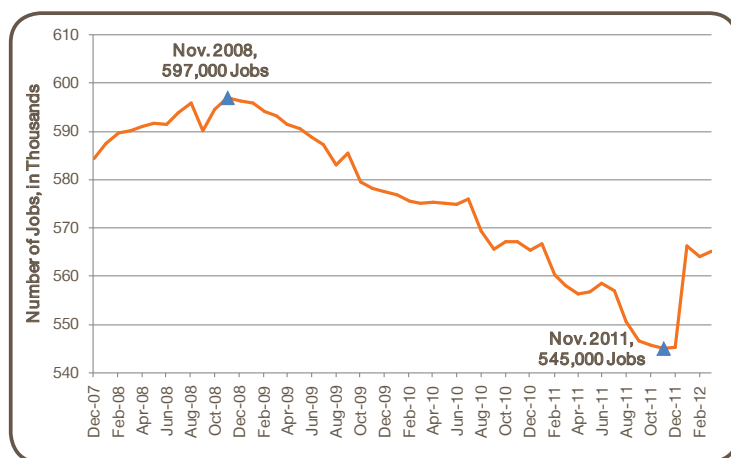
Table 2 Severity of Downturn and Strength of Recovery Varies by Industry

Industry	Month When Industry Reached its Lowest Point for Jobs	Length of Downturn, by Industry	Jobs Lost During Industry Downturn	Jobs Gained Back Since End of Downturn	Percentage of Jobs Gained Back
Professional Business Services	September 2009	1 year, 9 months (December 2007 - September 2009)	68,200	67,000	98.2%
Manufacturing	April 2010	2 years, 4 months (December 2007 - April 2010)	85,200	13,300	15.6%
State & Local Government	November 2011	3 years, 11 months (December 2007 - November 2011)	39,300	20,100	51.1%
Construction	March 2012	4 years, 3 months (December 2007 - March 2012)	76,900	n/a	n/a

Source: Economic Policy Institute analysis of Current Employment Statistics (CES)

Georgia's other key industries have had varying levels of growth, though none have come close to fully recovering. The manufacturing sector lost more jobs than any other and despite some positive trends of late, it has gained back only 16 percent of its prior strength. The new tax break for energy used in manufacturing (effective July 1, 2012) may help strengthen job growth here, but leaders will also need to invest in policies that ensure a high-quality workforce. If companies cannot find enough educated and well-trained workers in Georgia, they will look elsewhere to invest.

Figure 2 Georgia's Public Sector Diminished by Downturn



Source: Economic Policy Institute analysis of Current Employment Statistics (CES)

Georgia's state and local governments have gained back approximately half of their positions since December 2007, but this statistic is somewhat deceiving. The public sector was able to hold off layoffs until late 2008, when state budget cuts began taking their toll. Between its peak of 597,000 employees in November 2008 and its low-point in November 2011, Georgia's public sector lost 52,000 teachers, first responders, and other workers. Taking the industry's peak employment month as the starting point, Georgia's public sector has only regained 39 percent of its prior strength. Now that the worst of the downturn is over, legislators should protect this industry from further cuts and instead work to restore funding for this vital sector of the state's economy.

Most disturbing is the continued struggle of Georgia's construction industry, which has yet to begin rebuilding at all from the recent crisis. As of March 2012, Georgia's construction industry has nearly 77,000 fewer jobs than at the start of the Great Recession, and fewer Georgians are on construction payrolls than in any month since April 1994. To revive this industry, policymakers will need to consider increased investment in Georgia's infrastructure, such as improved roads, ports, and broadband.

To view additional data on how working Georgians have fared over prior years and decades, please see the [full State of Working Georgia 2011 report](#). GBPI will release the 2012 edition this fall.

Endnotes

¹The official dates of the Great Recession were December 2007 to June 2009; however, Georgia's job market did not hit rock bottom until February 2010.

²Data for the State of Working Georgia and Jobs Count reports come from the Current Employment Statistics (CES) program of the U.S. Bureau of Labor Statistics (BLS). Each January, BLS revises their numbers for the previous five years, using an expanded array of sources – such as unemployment insurance tax reports – that become available to them over time (<http://www.bls.gov/ces/cesregrevtec.htm>). This year, the annual revision resulted in changes to Georgia's jobs data that suggests the employment picture is somewhat better than originally thought. For example, the preliminary data showed Georgia with a 0.4 percent decline in jobs during 2011, ranking it worse than all but two other states. The revised numbers, however, show that Georgia actually gained jobs in 2011 at a rate of 0.95 percent—ranking it 24th nationwide.